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BIWEEKLY REPORT

7 MAY 1959 RECD V

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/84

27 April 1959

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events

10 - 23 April 1959

Recent reports indicate that thus far the Soviet Bloc is fulfilling its aid agreements with the UAR and continues to be the chief outlet for Egyptian cotton. It appears that the USSR wishes to avoid a break with the UAR at present and is willing to tolerate Nasser's anti-Communist actions.

Indonesia has finally decided after considerable hesitation to send a delegation to Peiping to negotiate a credit for the construction of textile mills.

A new medium-wave transmitter for the Cambodian government radio station, a personal gift from Communist China's Premier Chou En-lai to Cambodia's Premier Sihanouk, made its first trial broadcast on 13 April. The broadcasting equipment, which presently consists of the medium-wave transmitter, is being augmented -- presumably as part of the Chou En-lai gift -- by two short-wave transmitters.

The government of Yemen has announced that it has reached an agreement with Communist China providing for the delivery of 10,000 tons of Chinese wheat to Yemen after the middle of May.

The Soviet-Sudanese economic negotiations under way for the last 2 months have now been concluded. The only tangible accomplishment of the meetings has been the barter trade agreement signed on 16 March. No agreement has been reached on the question of Soviet financial or technical assistance to Sudan.

The third shipment of Czechoslovak military materiel arrived in Conakry, Guinea, on 21 April. This consignment is reported to have included three light armored vehicles and a number of army field kitchens.

More than three-fourths of the \$464 million in credits extended by the Bloc to Yugoslavia in 1956 had been canceled or had expired

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as of 31 December 1958. Slightly less than 20 percent had been drawn by Yugoslavia, leaving about \$18 million still available for use.

The Yugoslav-Rumanian trade agreement for 1959, signed in Bucharest on 13 April, provides for an exchange of goods worth up to \$5 million in each direction -- 44 percent below the level set in last year's agreement. The fact that Rumania apparently has put an embargo on oil shipments to Yugoslavia provides a significant indication of how far Yugoslav-Rumanian relations have deteriorated.

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